

US Indices

	Closing	Net Change	% Change	YTD
DJIA	17,737.37	-95.62	-0.54%	-0.48%
S&P 500	2,044.81	-13.39	-0.65%	-0.68%
NASDAQ	4,704.07	-22.75	-0.48%	-0.68%

Europe Indices

	Closing	Net Change	% Change	YTD
STOXX 50	2,954.51	-37.35	-1.25%	-1.65%
FTSE 100	6,501.14	-46.66	-0.71%	-0.99%
CAC 40	4,179.07	-73.22	-1.72%	-2.19%
DAX	9,648.50	-116.23	-1.19%	-1.60%

BRICS Indices

	Closing	Net Change	% Change	YTD
Ibovespa	48,840.25	+328.03	0.68%	-2.33%
MICEX	1,515.37	+82.43	5.75%	8.50%
SENSEX	27,458.38	-429.52	-1.54%	-0.15%
Shanghai Composite	3,285.41	+50.73	1.57%	1.57%
JSE Africa	48,950.50	-567.98	-1.15%	-1.65%

Asia-Pacific Indices

	Closing	Net Change	% Change	YTD
Nikkei 225	17,197.73	-253.04	-1.45%	-1.45%
Hang Seng	23,919.95	+62.13	0.26%	1.33%
KOSPI	1,924.70	-1.74	-0.09%	0.48%
ASX 200	5,465.57	+29.64	0.55%	1.01%

Commodities

	Closing	Net Change	% Change	YTD
Gold Spot	1,223.25	+34.86	2.93%	3.28%
Silver Spot	16.51	0.76	4.82%	5.05%
Crude Oil (WTI)	48.36	-4.33	-8.22%	-9.22%
Crude Oil (Brent)	50.11	-6.31	-11.18%	-12.59%
Baltic Dry Ind	709.00	-62.00	-8.04%	-9.34%

Money Market

	Closing	Net Change (5-D)	Net Change (6-M)	Net Change (YTD)
3M Libor	0.254	-0.002	0.020	-0.002
12M Libor	0.626	-0.006	0.069	-0.002
3M Euribor	0.070	-0.006	-0.133	-0.008
12M Euribor	0.318	-0.005	-0.169	-0.007
10Y US	1.945	-0.166	-0.605	-0.226
10Y UK	1.600	-0.118	-1.059	-0.156
10Y Germany	0.492	-0.006	-0.736	-0.049
10Y Japan	0.279	-0.050	-0.272	-0.050
10Y India	7.846	-0.030	-0.886	-0.011

Currencies

	Closing	Closing
GBP/USD	1.516	EUR/USD 1.184
USD/JPY	118.500	AUD/USD 0.820
USD/CHF	1.014	EUR/AED 4.346
USD/INR	62.325	EUR/INR 73.660
USD/CNY	6.209	EUR/CHF 1.201
USD/RUB	62.039	AED/INR 16.913

Source: Bloomberg

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International Market News Update

With 252,000 jobs added in December 2014 to the US economy, 2014 became the best year for US employment since 1999 as over 2.95 million jobs were added last year. Unemployment fell to 5.6%, which is the lowest level since June 2008. Jobless claims remained below 300,000 for the 17th straight week. Hourly earnings for all employees fell by 0.2% in December, the biggest drop since 2006. The US Federal Reserve minutes of the December meeting released last week confirmed that the policy committee intended to remain "patient" and not increase interest rates before late April 2015. Trade gap fell by 7.7% in November to USD 39 billion, which is the narrowest since December 2013.

Prices in the 18-country Eurozone became deflationary in December falling to -0.2% on an annualised basis, due to lower energy prices. The last time consumer prices in the region were deflationary was in October 2009. Unemployment for the region was 11.5% even as the unemployment rate in Germany fell to its lowest level in over 20 years at 6.5%. In Italy, the unemployment rate touched an all-time high of 13.4%, showing sharp divergence in growth outlook in the region. Russia's credit rating was cut to BBB- by Fitch Ratings, which is the lowest investment grade, due to falling oil prices and a sharply depreciated currency.

China's consumer price index was 1.5% in December, which still continues to be a 5-year low. The producer price index though was -3.3% in December, which is the biggest fall in over 2 years. This is the 34th consecutive monthly fall in the producer price index and this news would add to the speculation that the central bank in China would introduce further interest rate cuts and lower reserve requirements for lenders. India's budget deficit reached 99% of the full-year target in November, raising concerns about narrowing this gap.

Currency in Focus

An unexpected drop in US wages added to speculation that the Federal Reserve may not raise interest rates till late-2015. The USD fell against all major currencies on this news as the Euro recovered to UD 1.184 after it had fallen to USD 1.1754 last week, the lowest level since December 2005. The Japanese yen appreciated by 1.6% against the USD last week touching USD 118.50. The Indian rupee last week had its best weekly gain since May 2014 and it rose by nearly 1.9% against the USD last week, currently at 62.325

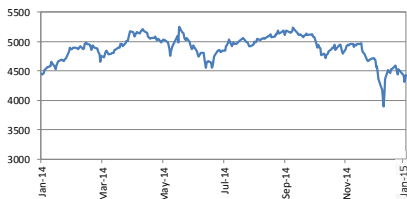
Key Indices

	Closing	Net Change	% Change	YTD
Dubai - DFM	3,774.86	+85.80	2.33%	0.02%
Abu Dhabi - ADX	4,480.06	+29.49	0.66%	-1.08%
Saudi - TASI	8,445.13	+88.19	1.06%	1.34%
Qatar - QE	12,014.35	-214.73	-1.76%	-2.21%
Bahrain - BHSE	1,425.65	-.93	-0.06%	-0.06%
Oman - MSM 30	6,403.16	+59.94	0.94%	0.94%
Kuwait	6,562.98	+16.20	0.25%	0.42%

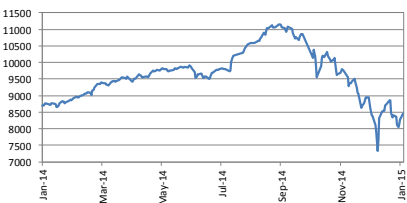
Dubai - DFM 52-Week Performance



Abu Dhabi - ADX 52-Week Performance



Saudi - TASI 52-Week Performance



Source: Bloomberg

Middle East Market News Update

Last week, UAE's economy minister said that the government favours a merger of the Dubai Financial Market and Abu Dhabi Securities Exchange, which are the two main stock exchanges in the UAE. This news may attract some speculative buying in both the stock markets. Falling oil prices continued to negatively impact the stock exchanges in the GCC as oil prices have fallen to their lowest levels in nearly 6 years. Dubai Islamic Bank, the largest Islamic bank in the UAE, has indicated that it would launch a new USD sukuk to boost the bank's Tier 1 capital.

En Bref..... Biggest Market News

Collapsing energy prices. How global economies will get impacted...

Falling oil prices are expected to shift wealth and economic power from autocratic petroleum-exporting nations to industrialised consumers who are expected to have their economies thrive on these lower energy costs. The price of Brent crude oil last week fell below USD 50 for the first time since 2009, touching a low of USD 48.90. The price of West Texas Intermediate crude oil fell to USD 46.83 last week. The prices of crude oil have therefore now fallen over 57% since June 2014.

According to analysis, done by Oxford Economics, on the impact of oil prices on the GDP of countries, Philippines is expected to benefit the most from these low oil prices, growing by over 7% for the next two years. The worst affected would be Russia and Saudi Arabia which would both see a fall of over 3% each if oil prices continue to remain under USD 60.

The biggest impact of oil prices will be on global inflation which is expected to fall to levels last seen in 2009. Government revenues by major oil-exporting countries, especially in the Middle East, will be squeezed and this will have a negative impact on social benefit expenditures. US shale gas producers are also expected to cut output investments in 2015.

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